

DERT

FUND

DRYCLEANING ENVIRONMENTAL RESPONSE TRUST



ANNUAL PROGRAM REPORT 2006



Missouri Department of Natural Resources
Hazardous Waste Program

INTRODUCTION

Senate Bill 577 established the Drycleaning Environmental Response Trust (DERT) Fund and Section 260.960, Revised Statutes of Missouri (RSMo) authorized the DERT Fund. The DERT Fund provides funding for the investigation, assessment and remediation of releases of chlorinated solvents from dry cleaning facilities. The DERT Fund is a state fund and is administered by the Missouri Department of Natural Resources' Hazardous Waste Program according to rules published by the Hazardous Waste Management Commission.

The laws and regulations governing the DERT Fund are found in Sections 260.900 to 260.965 RSMo and 10 Code of State Regulations (CSR) 25-17.010 to 10 CSR 25-17.170 respectively.

Operators of active dry cleaning facilities are required to register with the Missouri Department of Natural Resources, as outlined in Section 260.915, RSMo. Each active and operating dry cleaning facility is required to pay an annual registration surcharge based upon the number of gallons of chlorinated solvents used during the calendar year, as outlined in Section 260.935, RSMo. This includes coin-operated dry cleaning facilities. Laundry facilities located in prisons, government entities, hotels, motels and industrial laundries are specifically exempt from the requirements of this statute. All solvent suppliers that sell or provide chlorinated solvent to a dry cleaning facility are required to pay the solvent surcharge fees to the department.

Section 260.955, RSMo, requires the department to provide an annual report to the General Assembly and the Governor regarding

- receipts of the fund during the preceding calendar year and the sources of those receipts
- disbursements from the fund during the preceding calendar year and the purposes of those disbursements
- the extent of corrective action taken during the preceding calendar year, and
- the prioritization of sites for expenditures from the fund.

DISBURSEMENTS FROM THE DERT FUND

Expenditures from the DERT Fund are used to reimburse participants for the costs of addressing releases of chlorinated solvents from dry cleaning facilities and to administer the program by collecting the surcharges and guiding and assisting the cleanup activities. Participants are liable for the first \$25,000 of cleanup related costs as a deductible.

Table 1 describes the expenditures from the DERT Fund, which were prohibited until, on or after July 1, 2002, by Section 260.925 RSMo. Reimbursements for eligible environmental cleanup costs were not made until the regulations went into effect on May 30, 2006.

**TABLE 1 -
EXPENDITURES OF THE DERT FUND**

Calendar Year	Salaries & Wages	Expense & Equipment	Fringe, etc. ⁽⁴⁾	Reimbursements ⁽⁵⁾	Total Costs
2000 ⁽²⁾	\$0	\$0	\$0	\$0	\$0
2001 ⁽²⁾	\$0	\$0	\$0	\$0	\$0
2002 ⁽²⁾	\$1,163	\$0	\$2,350 ⁽³⁾	\$0	\$3,513
2003	\$77,271	\$14,995	\$35,655	\$0	\$127,921
2004	\$106,083	\$59,642	\$73,437	\$0	\$239,162
2005	\$99,583	\$63,909	\$92,528	\$0	\$256,020
2006	\$90,157	\$243,121	\$140,850	\$176,032	\$650,160
Total	\$374,257	\$381,667	\$344,820	\$176,032	\$1,276,776

⁽¹⁾ Source: SAM II Data Warehouse Information.

⁽²⁾ RSMo, Section 260.925 prohibited expenditures from the DERT Fund until, on or after July 1, 2002.

⁽³⁾ House Bill 1115, Section 15.220, RSMo, authorized a transfer of \$1,289 out of the State Treasury on May 6, 2002, chargeable to various funds, such amounts as are necessary for allocation of costs to other funds in support of the state's central services, to the General Revenue Fund.

⁽⁴⁾ Fringe amount includes OASDI, Retirement Sys, Deferred Comp, MCHCP, Cost Allocation Plan (Office of Administration), Cost Allocation (Department of Natural Resources), State Office Bldg M & R, etc.

⁽⁵⁾ Reimbursements were not made until the regulations went into effect on May 30, 2006.

TABLE 2 - DRY CLEANER FACILITY ANNUAL REGISTRATION SURCHARGE FOR 2006

Size of Dry Cleaning Facility	Number of Facilities Registering by 5/1/07	Gallons of Solvent Used	Annual Registration Fee
Small	176	0 to 140	\$500
Medium	42	140 to 360	\$1,000
Large	7	>360	\$1,500

TABLE 3 - RECEIPTS TO THE DERT FUND⁽¹⁾

Calendar Year	Registration Surcharge	Solvent Surcharge	Interest & Penalties	Totals
2000	\$0	\$0	\$0	\$0
2001	\$221,500	\$170,208	\$5,995	\$397,703
2002	\$222,150	\$435,859	\$17,886	\$675,895
2003	\$303,126	\$427,880	\$26,892	\$757,898
2004	\$319,488	\$409,293	\$43,178	\$771,959
2005	\$234,150	\$367,598	\$73,595	\$675,433 ⁽²⁾
2006	\$204,993	\$308,678	\$121,077	\$635,248 ⁽³⁾
Total	\$1,505,407	\$2,119,516	\$228,623	\$3,914,136

⁽¹⁾ Source: SAM II Data Warehouse Information

⁽²⁾ 2005 total includes a \$90 refund to the DERT Fund

⁽³⁾ 2006 total includes a \$500 transfer in

RECEIPTS TO THE DERT FUND

The Hazardous Waste Program is responsible for the collection of all applicable surcharges from dry cleaning facilities and solvent suppliers.

There are two sources of revenue for the DERT Fund. The first is a dry cleaning facility annual registration surcharge paid by owners and operators of dry cleaning facilities (\$500, \$1,000 or \$1,500 based on chlorinated solvent use during the calendar year). The second is a solvent surcharge paid by the solvent suppliers on a quarterly basis of \$8 per gallon of perchloroethylene, trichloroethylene and other chlorinated solvents sold.

Table 3 describes the surcharge collections. The collection of the registration surcharges began on April 1, 2001. Collection of the solvent surcharge began with the April 1, 2001 to June 30, 2001 quarter.

THE PRIORITIZATION OF SITES FOR EXPENDITURES FROM THE FUND

10 CSR 25-17.140 allocates DERT Fund monies to prioritized sites in the following proportions: high priority sites: 60 percent; medium priority sites: 30 percent; and low priority sites: 10 percent. In any fiscal year, if the funding allocation in any priority category is not used, those funds may be reallocated to other priority categories, starting with any high priority sites and followed by medium and then low priority sites.

Sites applying to the program must submit the results of one soil, groundwater or surface water sample that exhibits contamination of a dry cleaner solvent that is in excess of the department cleanup levels. This initial assessment will allow the department to determine the eligibility of the site in the DERT Fund. Some sites will provide enough information during the application process to receive a ranking score. Other sites will require additional information before a ranking score can be determined. If the site has not provided enough information to have a ranking score determined, the department will direct the owner or operator to conduct the necessary assessments to determine a ranking score. The ranking is based on such factors as environmental contamination, potential economics, potential receptors, risk based remediation parameters, site history, threat to drinking water sources, threat to off-site properties, etc. A copy of the prioritization form is available on the department's DERT Fund Web site at www.dnr.mo.gov/env/hwp/dert/hwpvcp-dryclean.htm.

On May 30, 2006, the DERT Fund began accepting applications for enrollment into the fund for oversight and reimbursement of investigation and cleanup activities. By the end of 2006, the DERT Fund had received applications for 24 sites. Five of these sites received a certification of completion letter from the Brownfields/Voluntary Cleanup Program (BVCP) and enrolled into the DERT Fund for reimbursement of eligible costs. Fourteen of the 24 sites transferred from the BVCP to the DERT Fund. By the end of 2006, the DERT Fund had reimbursed \$176,032 in eligible costs.

TABLE 4 - DERT FUND SITES

Site Name	City	High Priority	Medium Priority	Low Priority	Amount Reimbursed
American Cleaners - Dorsett Road	Maryland Heights				
American Cleaners - Fenton Plaza	Fenton		X		
American Cleaners - Mid Rivers Mall	St. Peters*		X		
American Cleaners - Southroads	St. Louis		X		
Clayton Cleaners	St. Louis		X		
Colonial Cleaners - Arsenal Street	St. Louis	X			
Colonial Cleaners - Brentwood Blvd.	St. Louis	X			
Cypress Village Shopping Center	St. Ann*		X		
First Capitol Cleaners	St. Charles		X		
Foster's Cleaners	Blue Springs			X	
Frontenac Cleaners - West End	St. Louis		X		
Kingshighway Retail Center	Sikeston		X		
McDonald's State Line	Kansas City		X		
Mission River/Antioch Cleaners	Kansas City		X		
Paramount Cleaners	Florissant*		X		
Park Lane Cleaners	Chillicothe			X	
Plaza Ford Ideal Laundry & Dry Cleaners Inc.	Kansas City		X		
Pride Cleaners - NW Barry Road	Kansas City			X	
Stanford Saper Cleaners	Kansas City*			X	
Staten Island Cleaners	Florissant	X			
Tri-States Service Company - Boonville Ave.	Springfield	X			\$176,032
Tri-States Service Company - E. Trafficway	Springfield			X	
West Gate Cleaners	St. Louis		X		
Zehrt Printing	St. Louis*		X		

*Reimbursement only, site received certification of completion letter from BVCP

TABLE 5: CORRECTIVE ACTION CONDUCTED IN 2006

Site Name	City	Corrective Action Conducted
American Cleaners - Dorsett Rd	Maryland Heights	Groundwater monitoring to determine plume stability
American Cleaners - Fenton Plaza	Fenton	Groundwater monitoring to determine plume stability
American Cleaners - Southroads	St. Louis	Groundwater monitoring to determine plume stability
Clayton Cleaners	St. Louis	Groundwater monitoring to determine plume stability
Frontenac Cleaners - West End	St. Louis	Groundwater monitoring to determine plume stability
Kingshighway Retail Center	Sikeston	Additional assessment to define extent of groundwater plume
Park Lane Cleaners	Chillicothe	Initial assessment to identify the extent of soil/groundwater contamination
Staten Island Cleaners	Florissant	Groundwater monitoring to determine plume stability; Venting of vapors from soil and groundwater; Indoor air monitoring
Tri-States Service Co. - Boonville Ave.	Springfield	Pumping and treating of contaminated groundwater
Westgate Cleaners	St. Louis	Initial assessment to identify the extent of soil/groundwater contamination

COMPLIANCE WITH SURCHARGES

The two main sources of revenue for the DERT Fund are the dry cleaning facility annual registration surcharge and the solvent surcharge. State law requires the owners and operators of dry cleaning facilities pay the annual registration surcharge and the solvent suppliers to pay the solvent surcharge on a quarterly basis.

When a facility or solvent supplier is not in compliance with law, the DERT Fund uses the department's conference, conciliation and persuasion process to return them to compliance. In 2006, the department's Hazardous Waste Program began referring facilities and solvent suppliers that continued to fail compliance to the Attorney General's Office.

Only dry cleaners that pay into the fund and comply with the law are eligible to receive funding for environmental cleanups from the DERT Fund. Consequently, it is in everyone's interest to assist businesses in returning to compliance with the law so they are covered by the fund.

Table 6 indicates the compliance rate for annual dry cleaning facility registration surcharges. Failure to pay the registration surcharges represents 90 to 95 percent of the violations that occur in the DERT Fund.

TABLE 6 - DRY CLEANING FACILITY REGISTRATION COMPLIANCE

Calendar Year	No. of Active Dry Cleaning Facilities	Facilities Submitting Registration Form and Surcharges by 5/1/07	Percent Compliance with Annual Facility Registration
2006	303	214	70.6

TABLE 7 - COMPLIANCE/ENFORCEMENT ISSUES WITH DRY CLEANING FACILITIES

Calendar Year	Facilities Issued a Notice of Violation	Facilities Referred to Compliance/ Enforcement	Facilities Referred to the Attorney General's Office	Facilities Returned to Compliance
2006	47	22	39	179

TABLE 8 - SOLVENT SUPPLIERS QUARTERLY REPORTING COMPLIANCE

Calendar Year	No. of Active Solvent Suppliers	Suppliers Submitting Quarterly Reports and Surcharges on Time	Percent Compliance Quarterly Reporting
2006	13	6	46

TABLE 9 - COMPLIANCE/ENFORCEMENT ISSUES WITH SOLVENT SUPPLIERS

Calendar Year	Suppliers Issued a Notice of Violation	Suppliers Referred to Compliance/ Enforcement	Suppliers Referred to the Attorney General's Office	Suppliers Returned to Compliance
2006	2	1	1	6

OUTREACH ACTIVITIES

The department has additional information, publications, forms and answers to questions about the DERT Fund available on the Web at www.dnr.mo.gov/env/hwp/dert/hwpvc-dryclean.htm. The department also distributes the DERT newsletter to dry cleaning facilities, solvent suppliers and consultants. The newsletter keeps the regulated community up to date on issues involving the industry, the DERT Fund, and cleanup efforts at active and abandoned dry cleaner sites.

In Spring 2006, the department conducted eight seminars about the DERT Fund. The department conducted two seminars in St. Louis and Kansas City and one each in Jefferson City, Macon, Springfield and Poplar Bluff. The discussions at these seminars included topics such as: general information about the DERT Fund, the process of conducting investigations and corrective actions at dry cleaning sites, and the application, claim and reimbursement process. The department distributed the DERT Fund materials at the seminars.

The department is a member of the State Coalition for the Remediation of Drycleaners. The coalition is comprised of states that have formal dry cleaner cleanup programs. The U. S. Environmental Protection Agency's Technology Innovation Office through the National Groundwater Association funds this coalition. The coalition conducts conference calls every other month and holds an annual meeting to discuss issues related to dry cleaner program administration and technical site investigation or remediation topics. The coalition serves as an invaluable asset for Missouri as the department manages the DERT Fund and provides oversight of assessments and remediation of dry cleaner sites.

REFERENCES

State Program To Clean Up Drycleaners. Schmidt, Robin, R. DeZeeuw, L. Henning and D. Trippler. June 2001.
State Coalition for Remediation of Drycleaners. www.drycleancoalition.org/survey/

Departmental Missouri Risk-Based Corrective Action (MRBCA) Technical Guidance, Missouri Department of Natural Resources, April 2006.